



Five Things to Know... & Why I am Bullish About Freight Rail in 2023

Ian Jefferies, AAR CEO
January 18, 2023



ASSOCIATION OF
AMERICAN RAILROADS

Here's what you need to know.

1. Employee relations and growth is a focus.
2. Our investments remain high and provide unique value.
3. We are improving our service — predictability and reliability.
4. Federal regulators remain active, considering bad policies.
5. I am optimistic about this year and beyond.

1

The recent bargaining was challenging, but we are hiring and future-focused.

- Our employees deserve our gratitude.
- The round was unique but yielded historic terms.
- Quality-of-life matters remain front and center.
- Railroads continue to grow their workforce.

2

Investments remain high and focused on the future.

- \$20B+ invested on capital expenditures and maintenance expenses in 2022.
- Railroads have strategic growth plans.



3

Steadily improving service will lead to growth and reduce regulatory risk.

- Service challenges remain but service *is* improving.
- Progress hinges on three key factors:
 1. Appropriately staffed railroads.
 2. Valued and motivated workforce.
 3. Quality infrastructure and capacity.

4

The active regulatory state threatens railroads and their customers.

- FORR is fatally flawed, while ADR is a missed opportunity.
- Switching still looms, and if imposed widely, would bring clear harm.
- FRA remains sullied by politics while it disregards data.
- Crew size rule ignores bargaining, feasibility and long-term implications while paying outsized attention to anecdotes.
- Congress should expand waiver and pilot program availability at the FRA to safeguard against political influence.

5

I am bullish about the future.

- We are aligned on a bipartisan basis on many topline policy goals, particularly for the current administration.
- Our value propositions — environment, investment, connection to manufacturing, making America competitive — only bode well.
- We remain safe, are investing and are focused on the future.

Questions?



AAR.ORG



**BI-WEEKLY
NEWSLETTER
AAR.ORG/SIGNAL**



@AAR_FREIGHTRAIL



FREIGHTRAIL



ASSOCIATION OF AMERICAN RAILROADS



**ASSOCIATION OF
AMERICAN RAILROADS**